THE RESULTS

OF THE

RESUMPTION OF SPECIE PAYMENTS

IN

ENGLAND.

1819—1823.

A LESSON AND A WARNING TO THE PEOPLE OF THE UNITED STATES.

BY

HENRY CAREY BAIRD.

Money should be a thing of, or belonging to, a country, not of or belonging to the world.

An exportable commodity is not fitted to be Money, and nothing could be more monstrous than England's principle—followed by the United States up to the war—her legislation forcing her people to be buyers of gold, and making their possession of gold—one of the scarcest articles in the world—the condition of their being able to furnish themselves with food and clothing.

Hon. Isaac Buchanan, of Canada.

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1874.

RESUMPTION OF SPECIE PAYMENTS IN ENGLAND.

The President of the United States having officially proclaimed to the world, that, in his opinion, paper money—the United States legal tender note—"is nothing more than promises to pay, and is valuable exactly in proportion to the amount of coin that it can be converted into," and having also earnestly recommended to Congress that it shall enact "such legislation as will insure a gradual return to specie payments," it would seem in the highest degree desirable that the people should be made to realize what "a return to a specie basis" involves, and what it is likely to cost them.

Almost from the hour in which the war closed in 1865, and when the country was bleeding at every pore, and the southern portion of it was almost wholly ruined,* the nation was called upon by the then Secretary of the Treasury, Hon. Hugh McCulloch, to conform itself in practice to the theories which he happened then to hold. Had he not been stopped by Congress in mid-career of his contraction policy in 1868, he would long ere this have inevitably caused the complete bankruptcy of the country and of the national treasury. Notwithstanding this fortunate interposition of Congress, the uniform policy of the Treasury Department from April, 1865, to the present time, has been that of looking to the "specie basis" goal, and obliging the people to square their affairs in accordance with this scheme of finance. To this basis, we are now, in the midst of ruin and distress further invited by the President, notwithstanding the fact that it has always and everywhere proven to be as unstable as the sands of the sea-shore, and with a superstructure many times greater than itself, it has almost always been a mere pretence and a fraud. Indeed, if the President's own doctrine were true, notes resting upon this basis, and "valuable exactly in proportion to the amount of coin that they can be converted into," would usually be worth but from $12\frac{1}{2}$ to 25 cents on the dollar.† But the President unduly magnifies the importance of the precious metals, the great power of which comes not of any inherent and natural qualities but of their being made by governments "a basis" for all of the business and financial

* Sad to say, it is far worse off now, mainly owing to the mismanagement of the currency of the country.

† An official statement of the condition of the Banks of Massachusetts shows that between 1825 and 1838 the proportion which the "basis" bore to

affairs of their countrymen, and a legal tender for the payment of debts.*

While the President greatly exaggerates the virtues of specie, it is, on the other hand, quite impossible for any one to exaggerate the ruin which will result from any legislative attempt whatsoever to force the country to place itself and its affairs upon this ticklish "basis." Fortunately for us, it is not now necessary that we should try the *experimentum crucis* for ourselves, it having been tried by Great Britain between 1815 and 1823, with such results that any tyro may read the story and learn the lesson as fully and completely as even a President of the United States.

Great Britain in 1793 and 1797.

In 1793 the British Government under the leadership of William Pitt declared war against France, and by the 27th of February, 1797,

the superstructure varied between *one* to *four* and *one* to *eight and three quarters*, as follows:—

Year.	Paper.		Specie.	Year.	Paper.		Specie.
1825 . . .	$6\frac{7}{10}$	to	1	1833 . . .	$8\frac{3}{4}$	to	1
1826 . . .	$2\frac{2}{5}$	to	1	1834 . . .	$6\frac{1}{2}$	to	1
1827 . . .	$4\frac{3}{5}$	to	1	1835 . . .	$8\frac{1}{2}$	to	1
1828 . . .	$6\frac{1}{2}$	to	1	1836 . . .	$7\frac{1}{2}$	to	1
1829 . . .	5	to	1	1837 . . .	$6\frac{3}{4}$	to	1
1830 . . .	4	to	1	1838, Feb. . .	$5\frac{1}{2}$	to	1
1831 . . .	$8\frac{1}{2}$	to	1	1838, Oct. . .	4	to	1
1832 . . .	8	to	1				

How could anything but instability and insecurity come from such a system? Do not the ever varying and disproportionate relations of these figures alike utterly condemn the system which could produce them?

* That this is so, is proven by the results of the demonetization, to a large extent, of silver in Germany, and the caution which the government has now to exercise in disposing of the demonetized silver to prevent its sacrifice. This caution it has practised in spite of the attempts of "the radical gold ultras," as they are called, to force its sale at any price, it being "evident that it is necessary," says a German correspondent of the London *Economist*, "for the Government to sell as much of our superfluous silver as can be got rid of at tolerable prices, and you know best how very small hitherto the sales have been."

The forlorn condition of this precious metal when it shall have lost the governmental prop throughout the world, is thus depicted by Paul Leroy Beaulieu, in a recent number of the *Economiste Français*, who says: "When the substitution of a gold for a silver currency in Germany is completed, there will remain, after due provision is made for subsidiary coins, a total of £48,000,000 worth of silver, the whole of which will be thrown upon the market. But this is not all. Denmark, Sweden, and Holland have decided to adopt a gold standard, and the same course will probably be followed by Belgium. In these countries the quantity of silver to be disposed of in consequence of the demonetizing of that metal will be not less than £24,000,000. Thus we have a total of £72,000,000 of silver, which, before very long, will be thrown on the market. The effect of this increase in the supply cannot fail to have great influence in the direction of a further fall in the price of silver. Moreover the ancient and characteristic predilection of the Oriental countries for silver—of which they have hitherto taken great quantities from Europe—is growing weaker, and hence the most intelligent of them, the Japanese, have adopted a gold currency. We cannot then reckon upon the great Eastern nations absorbing the enormous quantity of silver which is about to be thrown out of circulation in Europe. So far, therefore, it seems likely that the depreciation of silver must go on indefinitely."

Our own crisis in 1873 proved the power of the quality of acceptability

the condition of the Bank of England had become such that it found itself under the necessity of suspending specie payments, and the government interposed its so-called "restriction" upon the Bank from paying any more gold or silver. Mr. Pitt subsequently obtained the passage of an Act of Parliament authorizing the restriction to continue to June 24, before which time a new act was passed continuing the suspension, and subsequently numerous other acts were had postponing it from time to time, until in 1819, when "Peel's Currency Bill" was enacted, providing for complete resumption of cash payments by the Bank on May 1, 1823. Be it observed, too, that the Government and the Bank were driven to these expedients notwithstanding the fact that, while, with the enormous outlays, incident to maintaining large armies on the continent, large fleets on the ocean, and other measures, calling for the export of gold and silver in large quantities, she was, owing to the extraordinary development of her diversified industries, enabled to draw from the rest of the world, the precious metals to perhaps as great or even a greater amount than that demanded by these foreign expenditures. It actually appeared in evidence before the bullion committee in 1810, that from 1805 to 1809 inclusive, the balance of trade in favor of England had amounted to £50,000,000, or nearly $250,000,000. At or about the time of the overthrow of Napoleon at Waterloo, June 18, 1815, the circulation of the Bank of England was £27,000,000, while that of the country banks was estimated at about an equal amount, making a total circulation of £54,000,000.

The premium on gold in the under-mentioned years was as follows:—

1814	$30\frac{1}{8}$ p. c.	1817	$2\frac{1}{2}$ p. c.
1815	$18\frac{8}{9}$ "	1818	5 "
1816	$2\frac{1}{2}$ "	1819	$6\frac{1}{3}$ "
1816 Oct. to Dec. under	1 "	1820 and 1821	par.

The commercial paper under discount at the Bank of England was as follows:—

1815	£14,917,000	1820	£3,883,600
1816	11,416,400	1821	2,676,700
1817	3,960,600	1822	3,366,700
1818	4,325,200	1823	3,123,809
1819	6,515,000	1824	2,369,800

The results of such a selfish and cruel policy as is here exhibited in regard to contraction of loans, together with contraction of the

for the payment of debts, by the heavy decline in United States bonds and gold, and even the willingness of parties to dispose of bonds previously at a large premium, to the government, at par for currency. During those dreadful days the power of this quality was exhibited in a marked manner in the almost frantic efforts to obtain control of bank credits, resembling those of the Bank of Venice, not even payable in "promises," but merely transferable through bank clearing houses. At this hour five dollars worth of merchandise are seeking purchasers for every dollar of "paper promises to pay" which is being offered in exchange for commodities. The value of these "promises," in the eyes of those who seek them, arises not from the "amount of coin they can be converted into," but from the fact that they will be gladly accepted in exchange for commodities and in payment of debts.

circulation of the Bank from £27,261,650 in 1815, to £18,176,470 in 1823, were quite what they might have been expected to be. The story shall be told by Thomas Doubleday, Esq., a bullionist of the strictest stamp, but not one who could approve of such measures of confiscation as were practised upon his countrymen between 1815 and 1823. I quote from Doubleday's *Financial, Monetary, and Statistical History of England*, (London, 1847, p. 238, *et infra*,) as follows :—

Great Britain in 1815.

"Hardly had the echoes of the cannon of Waterloo died into silence, when it began to be felt that this state could not continue longer. That monopoly of supply which the extraordinary circumstances of the war had thrown into the hands of Great Britain, began forthwith to fall to pieces. The seas were now equally open to all. The colonies which, during the long period of hostilities, had been wrested from the French, Spaniards, and Dutch, were now for the most part to be restored. We could not hold them in peace. Thenceforward the European nations were not only independent of us as to colonial produce, but, freed from the ravages of war and the obstacles of blockades, they began to manufacture for themselves. The woollens of Saxony and the Merino fleeces of Spain began to be felt clogging the wheels of our machinery. That machinery, despite of penalties and prohibitions, in due time found its way across the narrow seas, up the Baltic, and beyond the broad Atlantic. Russia established the cotton manufacture. The United States did the same. The coal of Belgium began to work steam engines and mechanism unknown before. With all this, the expenditure of the government at home for warlike stores, recruits, commissariats, and transport-ships suddenly ceased. Prices fell, on a sudden, to a ruinous extent—banks broke—wages fell with the prices of manufactures; and before the year 1816 had come to a close, panic, bankruptcy, riot, and disaffection had spread through the land. Vast bodies of starving and discontented artisans now congregated together, demanding a reform of the parliament, a repeal of the corn-laws, and a reduction of taxation. The discontents, the government, as usual, put down by an armed force, who with the constitution in their mouths, sabred the people *à la Cossaque*. The commercial distress they ascribed to 'the transition from war to peace;' and contented themselves with the application of some palliatives, in the shape of advances of money and Exchequer bills, through the Bank, hoping that affairs would gradually come round to a settled state. In this they were, after a time, partly gratified. The mercantile part of the community accommodated themselves gradually, perforce, to the new scale of prices after a 'transition,' which, in its progress through 1814, 1815, and 1816, rendered bankrupt no less than *eighty-nine country banks*, together with an enormous number of traders of all grades and descriptions."

The Bank of England.

"In the midst of this turmoil, another grand cause of confusion remains to be mentioned; and this was *the new and ticklish position* of the grandam of so many years of villany and egregious folly, to wit, of the 'Old Lady of Threadneedle Street,' as she now began to be called; that is to say, of the Bank itself. The reader will remember that throughout the various times when the acts for continuing Pitt's 'Bank-restriction' were to be renewed or altered, one clause was always retained, and that was the clause binding the Bank to '*resume cash payments*' within a few months after peace should come. It has been asserted that Pitt never

meant this clause to be enforced, *at least as far as regarded the fundholders;* and that he intimated as much in Parliament on one occasion. This may possibly be true; but the clause, nevertheless, was adhered to; so that, before the Waterloo bonfires were well out, the Bank Directors, with this clause staring them in the face, began to bethink themselves, how they might most quickly lessen the enormous bales of their paper that were afloat, so as to give them some chance of paying the remainder in gold and silver 'on demand.' This was a new feature. During former revulsions, such as that in 1810, caused by the decrees of Bonaparte against the admission of British goods, the Bank had come promptly forward with loans and discounts to relieve the pressure. Now, however, the Directors scarcely dared to move an inch. They knew that 'the political economists' were strong in the House, and that *they* were bent upon cash payments, at all risks. They knew that the Jews of Change Alley would secretly abet the same doctrine. Against a combination of usurers and theorists, one set all selfishness, the other all crotchets, there was no defence to be made.* The country gentlemen, who were the dupes of the economists, were led to believe that cash payments were necessary for both the interest and security of themselves. Those who had the power were resolved, and nothing was left to the Bank but to narrow its issues, and look about for gold and silver wherewith to meet the storm. This was altogether a difficult business. In the year 1816 alone, *thirty-seven Country Banks* had become bankrupt. The commercial world, therefore, required additional propping. But the Government was in the same dilemma; and to it the merchants were sacrificed. Between February and August, 1816, the Directors lessened their discounts from *twenty-three millions* to *eleven millions;* and before February, 1817, to *eight millions;* and before August of the same year to *seven millions;* whilst up to nearly the same period, they held of Exchequer-bills, etc., *twenty-five millions!* This reduction of private discounts answered two purposes of the Bank: it kept their circulation within bounds; and, if it slaughtered the merchants and manufacturers, it brought about another novelty, viz., *a reduction in the price of gold* down to *four pounds the ounce;* or nearly to the mint-price! This enabled them to get gold on easier terms, and to make a flourish, by the voluntary issue of a large sum in sovereigns; a measure absurd and premature to the last degree, for by this addition thrown into the currency, the prices of gold and silver bullion were again raised a little, and the whole of this new coin was exported!

"This reduction of the Bank issues, and destruction and crippling of the Country Banks, had another and still more important effect, inasmuch as by causing the price of gold to fall to nearly the mint-price, it encouraged the political economists to press forward, and, at last, in 1819, to pass an act, the most important in its consequences, and extraordinary in its circumstances, that ever was decided upon by any legislature, in any age or country. This was the celebrated Bill 'for the Restoration of Cash Payments,' passed in 1819, and since famous as 'Peel's Currency Bill.'"

Peel's Currency Bill of 1819.

"The Currency bill of 1819 was passed at the instance of a committee, amongst the members of whom were included all the parliamentary dabblers in political economy of any name or talent, and of whom Peel was chairman. Horner, the chairman of the bullion committee of 1810, was

* How history repeats itself, and how this story reads like a chronicle of events of which we are now in the midst! To the credit of the Jews, however, it may be said, that they have not at this time as a class arrayed themselves against the people. H. C. B.

dead; but, in his stead, they had Ricardo, a rich Jew stock-jobber, who having made an immense fortune by this worst species of gambling, had also contrived to obtain a reputation by the publication of some books on political economy; ingenious in argument, but, in many points, of very questionable soundness; and frequently substituting an elaborate superficiality for wisdom and depth of reflection. Backed by the authority of this rich and arrogant man, the economists obtained on this occasion an almost entire command of the House of Commons. The ministry were led into the snare, with open eyes indeed, but, like somnambulists, with eyes of which 'the sense is shut.' They selected a young member of their own body, Mr. Peel, to bring the bill for the restoration of cash payments before the House of Commons; and hence the bill, much to his detriment, has borne his name. It is only justice to say that to Mr. Peel, now Sir Robert Peel, the obloquy of this greatest blunder that ever legislature committed, ought not to be given. He was but the mouth-piece, and the ignorant mouth-piece, of an ignorant and blundering House of Commons, led by the nose by a self-conceited but shallow junta of theorists. He was pitched upon for this unfortunate service, merely because he was a *young man* of aspiring pretensions, vast wealth, and of that sort of mediocre, but well-cultivated and accommodating talent, which recommends its possessor as likely to do what is expected to pass for a brilliant thing cleverly and showily. The fact was, the whole debate on this bill was a laughable farce. The mind of nearly every man in both Houses was made up to support this measure. That the finger of Providence was manifestly in it, I cannot doubt, until I doubt whether there *be* a Providence. *Quos Deus vult perdere, prius dementat!* The Houses made the plunge with one accord. There was hardly the semblance of an opposition. Ricardo had the enormous folly to tell the House that the bill was 'not worthy of half an hour of even *their* consideration;' and assured them that the whole question was one of 'three per cent.;' this being the *extent* of the *fall of prices*, which this man calculated would take place, after all the one and two-pound notes in the kingdom were burned, and the remainder, of five pounds and upwards, made 'payable on demand in gold sovereigns, coined from metal worth *three pounds, seventeen shillings, and tenpence halfpenny the ounce!*'

"In short, there was only one man in the Commons who really understood and opposed the measure, and this man was Mr. Matthias Attwood. The Bank Directors had indeed said, they 'feared the country could not bear the measure,' but they dared not oppose it; and Mr. Attwood was prevailed upon to quit the House that the vote might be 'unanimous!' In the House of Lords, Lord Grey alone ventured to dissent from the measure; but he only 'washed his hands of it,' as Pontius Pilate did before him, suffering the deed to be done, and drily saying, 'he hoped it would produce the consequences which their lordships expected from it;' a significant sentence, and one of which their lordships must have, since that time, often thought! The Houses, however, for once, 'were all in one accord.' The Speaker and the Prince Regent congratulated each other on the completion of this monument of the legislative wisdom of the empire; and 'the question of cash payments' was, in the flippant phrase of Mr. Canning, 'set at rest forever'!

"As a bit of legislation, this ever-memorable act is remarkably brief, and to the point; consisting only of *thirteen* not very long nor wordy clauses. It repeals, in the first place, all the acts for restraining the Bank from paying its creditors, which had been passed from 1797 up to that time, the repeal going into effect 'from and after the first day of May, 1823.' This was a repeal of all Bank notes on demand for sums *less* than *five pounds*. It then provides for a gradual return, in the mean time, by the Bank to cash payments; beginning with an issue of gold at *four pounds one shilling the ounce*, in 1820, and ending with the standard mint-

price of £3 17*s.* 10½*d.* The concluding clauses repeal all the old statutes against the melting and exportation of coin or plate, and repeal also the *oath* required from exporters of bullion, that it was not melted plate or coin, or clippings of coin, as far as relates to the melting portion, retaining only the portion that applies to clippings of the coin of the realm. It also required that the Bank should *publish* every quarter, until May, 1823, an account of its average circulation, for the benefit of the lieges who might doubt as to the prudence with which its affairs were conducted, an arbitrary and questionable step, but which was afterwards extended much further, on a subsequent occasion.

"This was the substance of the celebrated bill to which the name of 'Peel' has, unfortunately for his reputation, been wedded, after a fashion that admits of no divorce in future time. By all, except the few minutely acquainted with its history, he will be believed to be the originator and framer of an act which, if, as is too probable, not only the present system, but the present form of government, be doomed to be in no long time swept away, will be found to have been one of the grand preparatory causes of the catastrophe. That Sir Robert Peel is, partly at least, of the same opinion, seems evident in the attempts which he has so often made to shake off his reputation for its exclusive authorship, and to place the *onus* of the deed upon the rightful shoulders. For these attempts no man of common sense can blame him, and the only objection to them is that they must be fruitless as to the result which he so palpably desires.

The Ruinous Fruits Gathered in 1822–23.

"When the two Houses of Parliament met for the session of the year 1822–3, to the eyes of intelligent observers an extraordinary scene presented itself. There, on one side, were the two Houses, constituting 'the Imperial Parliament,' gaged and pledged, as deeply and solemnly as ever men were pledged in all this world, to set the currency question 'at rest for ever,' as far as extinction of all Bank notes for sums under five pounds, and the payment of the remainder on demand, in sovereigns coined out of gold at the rate of 3*l.* 17*s.* 10½*d.* per ounce troy, could set it at rest; and there, on the other side, were Mr. Cobbett and his readers, with their *gridiron,* ready either to repeat upon the person of that extraordinary man the sad story of St. Lawrence, or to be adopted as a type and token of the triumph of his principles, as to this grand topic for ever and ever! At this period, however, Mr. Cobbett did not stand so much alone as he did at the time of his hazarding the prediction, with all its penalties annexed to it. As the memorable first of May, 1823, drew near, the country bankers, as well as the Bank of England, naturally prepared themselves by a gradual narrowing of their circulation, for the dreaded hour of gold and silver payments 'on demand,' and the withdrawal of the small notes. We have already seen the fall in prices produced by this universal narrowing of the paper circulation. The effects of the distress produced all over the country, the consequence of this fall, we have yet to see.

"The distress, ruin, and bankruptcy, which now took place were universal, affecting both the great interests of land and trade; but amongst the landlords whose estates were burthened by mortgages, jointures, settlements, legacies, etc., the effects were most marked and out of the ordinary course. In hundreds of cases, from the tremendous reduction in the price of land which now took place, the estates barely sold for as much as would pay off the mortgages; and hence the owners were stripped of all, and made beggars. I was myself personally acquainted with one of the victims of this terrible measure. He was a school-fellow, and inherited a good fortune, made principally in the West Indies. On coming of age, and settling with his guardians, he found himself possessed of fully forty thousand pounds; and with this he resolved to purchase an estate, to marry, and to settle for life. He was a young man addicted to no vice,

of a fair understanding, and a most excellent heart, and was connected with friends high in rank and likely to afford him every proper assistance and advice. The estate was purchased, I believe, about the year 1812 or 1813, for eighty thousand pounds, one moiety of the purchase-money being borrowed on mortgage of the land bought. In 1822–3 he was compelled to part with the estate in order to pay off his mortgage and some arrears of interest; and when this was done he was left without a shilling, the estate bringing only half of its cost in 1812! Thus, without imprudence or fault of any kind, was this amiable man, together with his family, plunged in irretrievable and inevitable ruin, by the act of a legislature which ought to have protected both, and which was fully warned of the consequences of what it was about to do; but which, in requital, chose to laugh those who warned to utter scorn. My readers must not suppose that this was either an exaggerated or uncommon case. On the contrary, the country teemed with similar examples, and on the commencement of the session of 1823, the tables of both Houses were loaded with petitions, detailing scenes of hardship and destitution appalling in the extreme. As a sample of the whole, I have selected one which most fully exhibits the dreadful effects of this infatuated measure upon the welfare and happiness of the community; and of this petition I here insert as complete an abstract as I can frame. The substance of this very extraordinary document was as follows. It was presented to the Commons by Lord Folkstone, and to the Lords by Earl Stanhope.

"It sets forth—

"1. That the petitioner, having contributed both in purse and person to the maintenance of the State, had a right to expect *protection* of person and property in return; but that, instead of this, he is ruined by an act of the parliament.

"2. That he imputes no *intentional* wrong-doing, but grievous error to the Government; yet he hopes the Government will not change error into injustice by persevering in it.

"3. That the petitioner's ruin, as well as that of thousands of other persons, arose from Peel's bill for returning to cash payments; but that few cases can exceed his in hardship.

"4. That the petitioner and his father were wine merchants, and made a large fortune, with part of which, in 1811 and 1812, they bought land.

"5. That they bought the estate of Northaw, in Herefordshire, for £62,000, and laid out £10,000 more in improvements, investing in all £72,000.

"6. That in 1812 they bargained with John A. Trenchard, Doctor of Divinity, for the estate of Pontrylas, for which they agreed to give £60,000, paying £5555 as a deposit. That the title not being satisfactory the result was a suit at law, which was not decided until 1819, when judgment went against them, awarding a gross sum of £71,957 19*s*. 5*d*. to Dr. Trenchard, being purchase-money and interest.

"7. That in the mean time petitioners had experienced heavy losses in trade, and could not pay this sum; and, therefore, gave Dr. Trenchard a mortgage on *both* the estates of Northaw and Pontrylas for £65,000.

"8. That after 1819, when the suit ended, petitioner and his father paid £5000 in part of the debt, and £8000 interest up to 1821.

"9. That on the suit ending in 1819, they received up to 1821, out of the estate, for rent and wood, £3410.

"10. That in July, 1821, the *two* estates were offered for sale, but *would not bring the sum for which* they were *mortgaged*.

"11. That in 1821 petitioner and his father were *bankrupts*.

"12. That Dr. Trenchard then got possession of *both estates*, and gave notice to *foreclose the mortgage*.

"13. That petitioner and his father thus actually paid Trenchard £18,555, and have only received out of the estate £3410: and they are

now about to lose both the estates of Pontrylas and Northaw; the last of which cost £72,000.

"14. That Trenchard, on the other hand, has received in cash £18,555 with all the rents of Pontrylas from 1812 to 1819, and that he is now about to get the *two estates,* with all arrears of rent from February 1820, in lieu of his debt of £60,000.

"15. That petitioner's assignees are praying the Court of Chancery not to *allow this;* for that, if it be granted, the result will be that Dr. Trenchard will have received all the rents and profits of Pontrylas estate, except for two years, £1470 for timber, £18,555 in cash from the petitioner, and in addition to his own original estate of Pontrylas, *he will also have got the other estate of Northaw, which cost* £72,000.

"16. That petitioner and his father had other estates in Middlesex, Essex, and Hampshire, which cost £36,000, but have now been sold for £12,000! That by the depression in trade they became bankrupts. That petitioner's father died in 1822, of a broken heart, and that he is himself a ruined man, with seven children of his own, ten of his brother's, and seven of his sister's, all depending on him.

"17. That petitioner, therefore, prays for an EQUITABLE ADJUSTMENT of this and all similar contracts.

"This petition was that of Charles Andrew Thompson, of Chiswick, in the county of Middlesex, and is certainly calculated to tear in pieces, almost, the heart of every just and sensible man that reads it. What effect it produced upon Peel, Ricardo, and the Houses I cannot say; but the country throughout was in a state of deep agitation, and remonstrance after remonstrance poured in upon the legislature. At last Mr. Western, one of the members for Essex, a man of good talents, gave notice of a motion for 'inquiry' into the state of the country, and into the distress that now seemed to threaten a convulsion. This notice probably decided the ministers. Mr. Western's motion could not be stopped. It was, therefore, met and negatived, after a long debate of three or four nights, in which a determination amongst the landed interest to have an equitable adjustment of *public* as well as private contracts (including, of course, the debt), was more than hinted at. The negative vote, however, was only obtained by a total virtual 'throwing overboard' of Peel's bill. A short act was hastily smuggled, in silence, through the Houses, which enacted a respite (as the Houses fondly deemed) of the *one* and *two pound notes for eleven years.* The rest of Peel's bill as to cash payments, etc., was left in full force; but still the prediction of Mr. Cobbett was really fulfilled."

THE BANK OF ENGLAND at the time declined to avail itself of the privilege of reissuing one and two pound notes, maintained its circulation throughout 1823 at what it had been in 1822, contracted its loans still further in 1823 and 1824, increasing them, however, in 1825. In December of this latter year an almost unparalleled crisis arose, in the midst of which the accidental discovery of a box containing a quantity of one pound notes, enabled the Bank, by their use "at the lucky moment," in the words of one of the directors, to "save the credit of the country," and, it may be added, to prevent the complete drain of the institution of its "specie basis."

Decline in the Public Revenues.

But this distress was not alone confined to the people, but extended to the public exchequer. While from 1816 to 1822 inclusive, the money annually applied to the reduction of the public debt averaged over £16,000,000, in 1823 it fell to £7,482,325, and never again rose

above that amount except in 1824, when it was £10,625,059, after which it steadily fell, reaching £5606 in 1832, with *a deficiency* of £12,000,000 in the six years from 1837 to 1842 inclusive. Indeed since reaching a "specie basis" in 1823, Great Britain has practically ceased to pay off her public debt, and to this end must we ourselves unquestionably come should our government be guilty of the folly now urged upon it by "a combination of usurers" (whom Lord Chatham characterized as *the cannibals of Change Alley*) "and theorists, one all selfishness and the other all crotchets."

In this connection we commend to the thoughtful consideration of the people, of Congress, and of the Executive government, including the President, the following words of a recent able English financial writer and prominent business man : "*To us*," says the author of "The Bank Charter Act and the Rate of Interest,"* "*it is indeed a melancholy reflection, and one withal worthy of grave pondering, that when the United States shall return again to a convertible currency, the liquidation of this national debt must cease. Our own Sinking Fund, devised for a similar object, we know, ceased to receive any important payments after the abrogation of the Bank Restriction Act. No currency, doubtless, but one that was able to* SUSTAIN *a great war, need be expected to* LIQUIDATE ITS COST."

"Current Money of the Realm."

Control over the circulating medium—"the current money of the realm"—is one of the high prerogatives of government, and one which can never safely be delegated ; but inseparably connected with this prerogative is the solemn DUTY of providing a currency both good in quality and sufficient in amount—neither more nor less than is required by the people. If this principle be recognized, it is manifest that no government does its duty by its people which forces upon them the "specie basis" because arbitrarily making them dependent upon one of the scarcest commodities in the world, the supply of which is totally inadequate to the wants of mankind, which no country can command at pleasure, and for which a struggle is always taking place among the nations ; it results in instability, and the placing of the people at the mercy of those foreign nations which have the power to draw this "basis" from under them.† In a word, the government

* London : Simpkin, Marshall & Co., 1873.

† The utter unreliability of the President's "basis" as a foundation for a state of civilized society with its immense activities and its precious interests, is completely demonstrated by the following statement from the London *Times* of October 25, 1873, of the desperate struggle then taking place in Europe and elsewhere, to acquire or retain enough "specie basis" to support the superstructure of credit which kings, emperors, and parliaments have time out of mind either ignorantly or criminally forced their subjects to build upon. The *Times* says :—

"The fact that, owing to the inherent soundness of our mercantile condition, we constitute the centre to which almost all other countries are looking for relief, renders the immediate future more uncertain than at any previous period. We have sent nearly three millions sterling to the United States and Canada ; Germany and Austria have deluged us with securities which the speculators of Berlin and Vienna have found themselves unable to retain ; Spain has not only made default in the heavy amount due us but has obtained by a number of expedients some rather serious advances ;

claiming the prerogative of furnishing "the current money of the realm," and thus acting, forces its unhappy people to use a commodity, the supply of which it makes no attempt and indeed possesses no power whatsoever to insure to those people. In such a case the question ceases to be merely one of a duty to its people, performed or unperformed. The government so offending is guilty of clear and manifest injustice, of downright tyranny!

"Money should be a thing of or belonging to a country, not of or belonging to the world," and the indebtedness of a great nation is the best form which can be embodied into a circulating medium for its people. If issued as "current money of the realm" by a responsible government like our own, it possesses those elements which most give value to gold, and being national and not cosmopolitan, is a basis for which there is no competition on the part of other nations. But it should not be furnished arbitrarily in amount, but made issuable as well as fundable at the pleasure of the holders of the government debt—3-65 bonds, for instance, interchangeable with currency—for in the words of The New York Mercantile Journal:—

"In the Interchangeability (at the option of the holder) of NATIONAL PAPER MONEY with Government Bonds bearing a FIXED RATE OF INTEREST, there is a subtle principle that will regulate the movements of Finance and Commerce as accurately as the motion of the Steam Engine is regulated by its 'GOVERNOR.' Such PAPER MONEY TOKENS would be much nearer perfect measures of value than Gold and Silver ever have been, or ever can be. The use of Gold, or other merchandise, as money, is a barbarism unworthy of the age."

Turkey and Egypt are in the midst of endeavors to place the most extensive loans they have ever yet contracted, and the operators on the Paris Bourse, by whom many of the largest recent financial commitments have been encouraged, are now seeking to shift their load; while in the midst of all the pressure thus created large masses of our own population, so utterly deficient in prudential inclinations as to be indifferent to the attractions of 7 per cent. or any other rate of interest, have month by month absorbed material portions of such gold supplies as have been made. It is true that the securities thus forced upon us, and the gold thus internally absorbed, constitute a reserve of national wealth which at some future day may help to develop another period of plethora; but as there is a limit to the amount we can buy of the securities which the needs of distressed nations may throw upon us, as well as to the amount of gold we can scatter among those classes who shorten their productive labor just in proportion to their scattering, there must come a time when this limit will be made known by the rate charged for the use of the money which all are so eager to obtain. Whether 7 per cent. will be sufficient must remain doubtful so long as each day brings us consignments of stocks and shares from the Continental Bourses, and the New York telegrams fail by decisive exchange quotations to stop the gold tide thither. Last week it appeared as if the capitalists of Berlin were taking heart to buy back some of their recent sales, but the indication was only momentary, and if a rise which seems to be contemplated by the Berlin National Bank in its rate of discount should occur, together with the taking of still more severe measures by the Bank of France, renewed sacrifices may become essential."

When silver shall have been fully demonetized, throughout the world, except for subsidiary coinage, the struggle for gold, the production of which has declined since 1863, will be still more fierce, and the "basis" consequently more ticklish.